

IRS FINANCIAL AUDIT SCORES CLEAN OPINION FROM GAO

WASHINGTON -- For the first time, the General Accounting Office has given an unqualified -- or "clean" -- opinion on the reliability of the Internal Revenue Service's Custodial Financial Statements. The statements audited by GAO were IRS reports on taxes collected and refunds paid during Fiscal Year 1997.

"I am pleased that GAO has assured Congress and the American people that our reports on \$1.6 trillion in revenue collected and \$28 billion in accounts receivable are reliable," IRS Commissioner Charles O. Rossotti said. "I appreciate the successful work done by our Chief Financial Officer and his staff in developing these Statements."

This GAO opinion means it could reconcile the total revenue reported to the total taxpayer account records IRS maintains, substantiate the amounts for various types of taxes collected and determine that accounts receivable estimates were reliable.

Both IRS and GAO recognize that much work remains to be done, since current IRS accounting systems were not designed to support these financial statements. The IRS modernization effort will put new systems in place to address the shortcomings.

The IRS was one of ten pilot agencies required to produce annual financial statements under the Chief Financial Officers Act of 1990. The Government Management Reform Act of 1994 extended the requirement to most government agencies, beginning with Fiscal Year 1996.

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